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**Captain
Mines
Limited**

Annual Report

For the Year Ended December 31st, 1968

DIRECTORS

PHILIP E. BOYLEN - - - - - Toronto, Ontario
D. W. GORDON - - - - - Toronto, Ontario
GORDON L. MOORE - - - - - Islington, Ontario
CHARLES B. BRANNIGAN - - - - - Toronto, Ontario
GORDON F. PUSHIE - - - - - St. John's, Newfoundland

OFFICERS

PHILIP E. BOYLEN - - - - - *President*
D. W. GORDON - - - - - *Vice-President*
GORDON L. MOORE - - - - - *Secretary*
CHARLES B. BRANNIGAN - - - - - *Treasurer*

**TRANSFER AGENT
AND REGISTRAR**

GUARANTY TRUST COMPANY OF CANADA
Toronto, Ontario

AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ontario

HEAD OFFICE

Suite 908, 330 Bay Street
Toronto, Ontario

CAPTAIN MINES LIMITED

CAPTAIN MINES LIMITED

Directors' Report

TO THE SHAREHOLDERS:

The financial statements of the Company for the fiscal year ended December 31, 1968, notes relevant thereto and the Report of the Auditors, are submitted herewith.

Province of New Brunswick

The Mining Licence held by your Company covering a total of 1,210.7 acres, located in the Parishes of Northesk and Bathurst, in the Counties of Northumberland and Gloucester, is maintained in good standing. Diamond drilling on this property has indicated reserves to a depth of 1,200 feet of 343,000 tons, after dilution, grading 1.99 per cent copper, 0.28 ounces of silver and 0.017 ounces of gold per ton. No work was carried out on these claims during the year under review.

Baie Johan Beetz Area, Province of Quebec

An airborne magnetometer survey was carried out on the 40 claim uranium prospect in the Baie Johan Beetz area of Duplessis County, Quebec but no ground follow-up was made. Sufficient assessment credits have been obtained to keep the claims in good standing until February 1970.

Northwest Territories

No work was done on the three mining leases, Yellowknife mining district, Northwest Territories.

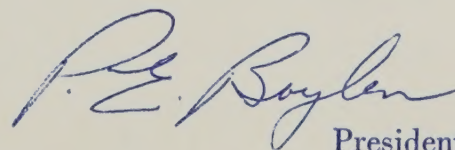
Your Company holds a 15% interest in 1,080 mining claims situated in the Central-West section of Victoria Island in the Northwest Territories. These claims were staked in connection with a copper discovery on Victoria Island.

Province of Ontario

Subsequent to year end your Company has acquired by staking a group of eighteen claims in Honeywell Township of the Red Lake Mining Division. An airborne magnetometer and electro-magnetic survey is proposed with summer investigation of any resulting anomalies planned. The area has been the scene of recent interesting base metal discoveries.

On behalf of the Board of Directors,

Toronto, Ontario,
April 11, 1969.


President.

CAPTAIN MINES LIMITED

Auditors' Report

To the Shareholders of
Captain Mines Limited

We have examined the balance sheet of Captain Mines Limited as at December 31, 1968 and the statements of mine development and administrative expenditures, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
February 5, 1969.

CAPTAIN MINES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet — December 31, 1968

(with comparative figures at December 31, 1967)

ASSETS

	1968	1967
CURRENT ASSETS		
Cash	\$ 7,779	\$ 1,173
Deposit receipt	35,000	
Accounts receivable	3,911	6,026
	46,690	7,199
Investments, at cost (note 1)	73,281	73,281
Mining properties (note 2)	143,550	132,739
Mine development and administrative expenditures	315,449	291,868
	<u>\$ 578,970</u>	<u>\$ 505,087</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 300	\$ 18,903
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized

5,000,000 shares without par value, not to exceed aggregate of \$5,000,000

Issued (note 3)

4,932,571 shares (4,316,000 in 1967)	\$ 789,715	\$ 697,229
Deficit	211,045	211,045
	578,670	486,184
	<u>\$ 578,970</u>	<u>\$ 505,087</u>

Approved by the Board:

P. E. BOYLEN, Director.

G. L. MOORE, Director.

CAPTAIN MINES LIMITED

Statement of Deficit

Year ended December 31, 1968
(with comparative figures for 1967)

	1968	1967
Balance at beginning of year	\$ 211,045	\$ 160,431
Mining claims abandoned		1,584
Cost of option on mining claims not exercised		750
Deferred mine development written off		48,280
		50,614
Balance at end of year	\$ 211,045	\$ 211,045

Statement of Source and Application of Funds

Year ended December 31, 1968
(with comparative figures for 1967)

	1968	1967
SOURCE OF FUNDS:		
Issue of shares	\$ 92,486	
APPLICATION OF FUNDS:		
Mine development and administrative expenditures	23,581	35,199
Acquisition of 15% interest in mining claims	10,811	2,739
Cost of option on mining claims not exercised		750
	34,392	38,688
Increase (decrease) in working capital position	58,094	(38,688)
Working capital (deficiency) at beginning of year	(11,704)	26,984
Working capital (deficiency) at end of year	\$ 46,390	\$ (11,704)

CAPTAIN MINES LIMITED

Statement of Mine Development and Administrative Expenditures

Year ended December 31, 1968

	Balance December 31, 1967	Additions during year	Balance December 31, 1968
MINE DEVELOPMENT:			
Assays and core boxes	\$ 5,760	\$ 14	\$ 5,774
Engineering fees	2,231		2,231
Geological surveys	8,327	698	9,025
Geophysical surveys	14,540	1,780	16,320
Insurance	118		118
Maps and blueprints	634	307	941
Mine office expenses	111		111
Mining licenses and fees	7,720	783	8,503
Road expenses	500		500
Surface diamond drilling	159,713		159,713
Surface exploration	44,882	3,028	47,910
Travelling and transportation	2,213	6,149	8,362
	<u>246,749</u>	<u>12,759</u>	<u>259,508</u>
ADMINISTRATIVE:			
Advertising	901	101	1,002
Bank charges and interest	2,684	4	2,688
Corporation taxes	498	97	595
Filing fees	2,473	335	2,808
General expense	494	330	824
Head office administration	24,150	3,000	27,150
Legal and audit	5,264	2,150	7,414
Office stationery and supplies	2,126	1,248	3,374
Postage	813	3	816
Security registration	2,223	100	2,323
Telephone and telegraph	1,303	144	1,447
Transfer agent and registrar fees	6,397	2,542	8,939
Reports to shareholders	3,274	1,382	4,656
Directors' fees		500	500
	<u>52,600</u>	<u>11,936</u>	<u>64,536</u>
Less interest earned	7,481	1,114	8,595
	<u>45,119</u>	<u>10,822</u>	<u>55,941</u>
	<u>\$ 291,868</u>	<u>\$ 23,581</u>	<u>\$ 315,449</u>

CAPTAIN MINES LIMITED

Notes to Financial Statements

Year ended December 31, 1968

1. INVESTMENTS

3,600 shares Northern Canada Mines Limited (market value 1968, \$3,168; 1967, \$4,608)	\$ 7,935
54,232 shares Atlantic Coast Copper Corporation Limited (market value 1968, \$30,370; 1967, \$35,793)	54,233
111,134 shares Beauce Placer Mining Co. Limited of which 55,567 are held in escrow (market value 1968, \$10,002; 1967, \$7,779)	11,113
	<u>\$ 73,281</u>

2. MINING PROPERTIES

3 mining leases, Yellowknife mining district, Northwest Territories. Consideration given was 1,200,000 shares valued by the directors at 10¢ per share.

1 mining license comprising 1,210 acres in the parishes of Bathurst and Northesk, Counties of Gloucester and Northumberland, Province of New Brunswick. Consideration given was 200,000 shares valued by the directors at 5¢ per share.

40 mining claims in Baie Johan Beetz Area, Township of Desherbiers and projected township 1075, Electoral District of Duplessis, Province of Quebec. Consideration given was cash.

15% interest in 1080 mining claims situated in the Central West Section of Victoria Island in the Northwest Territories. Consideration given was cash.

3. CAPITAL STOCK

During 1968, 616,571 shares were issued for \$92,486 cash. Total issued shares are as follows:

	1968		1967	
	Shares	Amount	Shares	Amount
For mining properties	1,550,000	\$ 145,000	1,550,000	\$ 145,000
For investments	16,000	1,600	16,000	1,600
For cash	3,366,571	643,115	2,750,000	550,629
	<u>4,932,571</u>	<u>\$ 789,715</u>	<u>4,316,000</u>	<u>\$ 697,229</u>